

# Arizona Affordable Housing Profile

## Findings & Conclusions

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Sponsored by:

HUD

Arizona Department  
of Housing

Arizona Housing  
Commission

The opinions expressed in this presentation are those of Elliott D. Pollack and Company and are not representative of the opinions of the Arizona Department of Housing

## Purpose of Study

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- New Tool for:
  - Evaluating housing need
  - Developing strategies to address affordability

## Scope of Work

**For each community and county, the following tasks were performed.**

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- Prepare Inventory of State's Private Housing Stock By Value and Rent
- Prepare Inventory of Assisted Housing Stock

## **Scope of Work**

**For each community and county, the following tasks were performed.**

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- Identify Barriers to Affordable Housing
- Identify the Affordability Gap

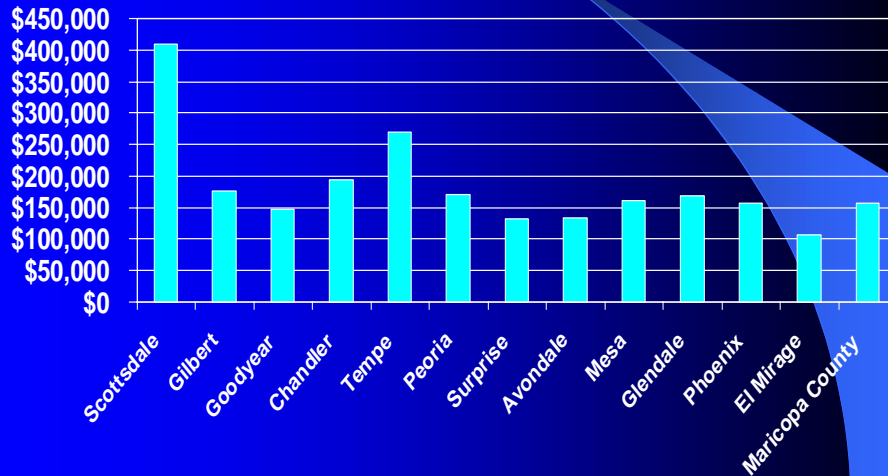
## **Data Issues**

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- Assisted housing data is scattered in variety of databases. Concern with double-counting.
- Lack of information on substandard housing count (including lack of consistent definition of substandard).

## Median New Single Family Home Price – 2001

Source: ASU Real Estate Center



## Median Household Income Selected Cities

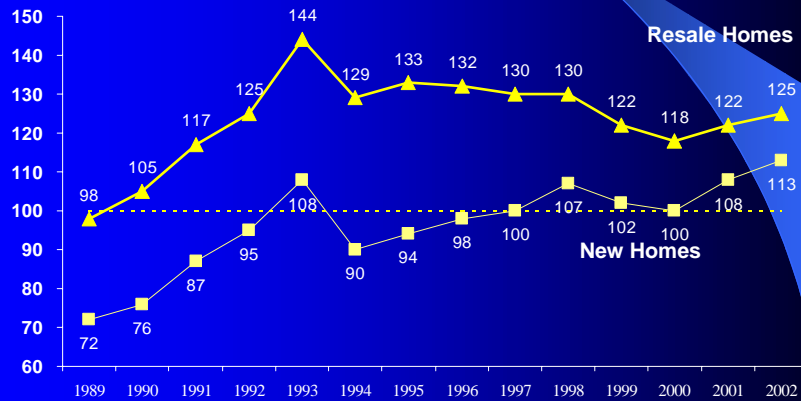
Source: Census 2000

GILBERT	\$68,032
CHANDLER	\$58,416
SCOTTSDALE	\$57,484
PEORIA	\$52,199
GLENDALE	\$45,015
MESA	\$42,817
TEMPE	\$42,361
PHOENIX	\$41,207
MARICOPA COUNTY	\$45,358

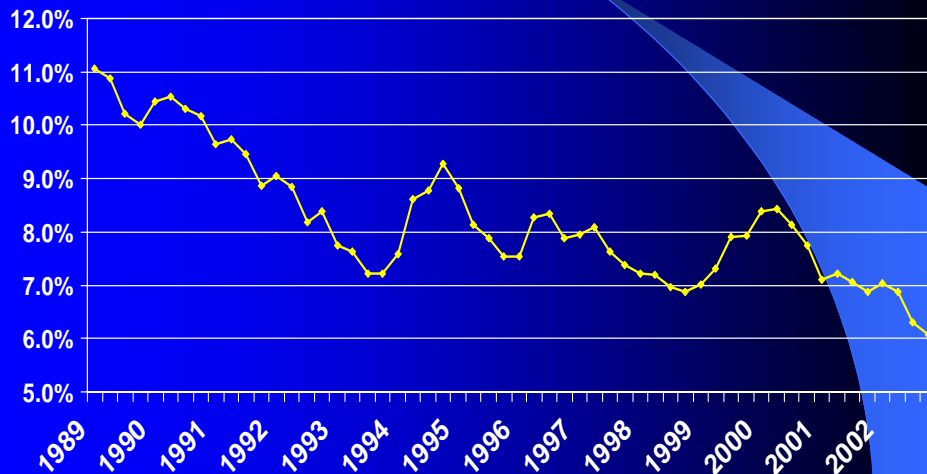
## Historical Single Family Housing Affordability Index Maricopa County

Index of 100 indicates median-income household can qualify for median-income home.

Source: Arizona Real Estate Center, ASU



## Effective 30 Year Fixed Mortgage Interest Rates



## Housing Opportunity Index

1<sup>st</sup> Q 2002

Source: NAHB

Metro Area	Share of Homes Affordable for Median Income	Metro Area	Share of Homes Affordable for Median Income
Indianapolis	88.6	Dallas	70.5
Kansas City	86.4	Las Vegas	70.2
Cincinnati	83.6	San Antonio	68.5
Atlanta	81.8	Salt Lake City	68.3
Fort Worth	79.7	Austin	67.9
Washington, D. C.	78.3	Houston	67.8
Minneapolis	76.7	Seattle	63.1
Orlando	75.5	Denver	59.6
Phoenix	75.4	Riverside	49.6

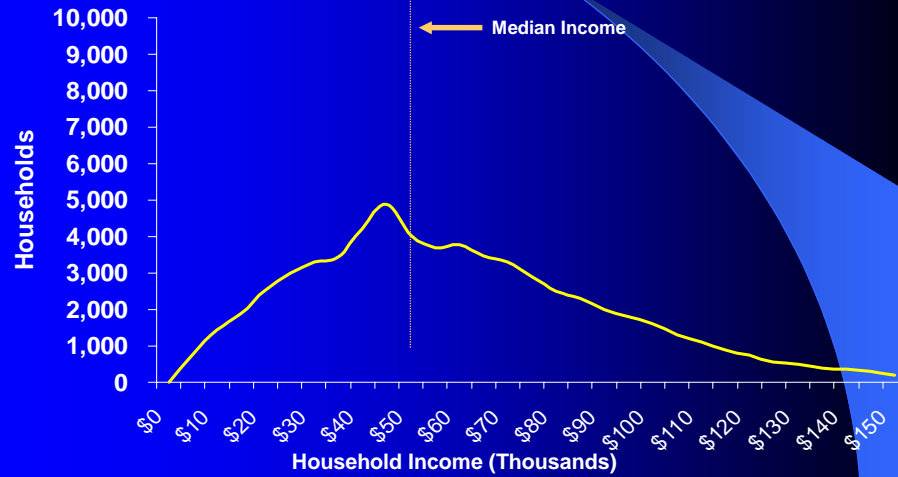
## Housing Opportunity Index For Arizona

Source: NAHB

Metro Area	Share of Homes Affordable for Median Income	Median Family Income (000s)	Median Sales Price (000s)	Affordability Rank
Phoenix-Mesa	75.5	\$57.9	\$146.0	89
Tucson	70.4	\$49.2	\$129.0	101
Yuma	67.5	\$36.8	\$97.0	120
U.S.	64.8	\$54.4	\$160.0	
Total MSAs				191

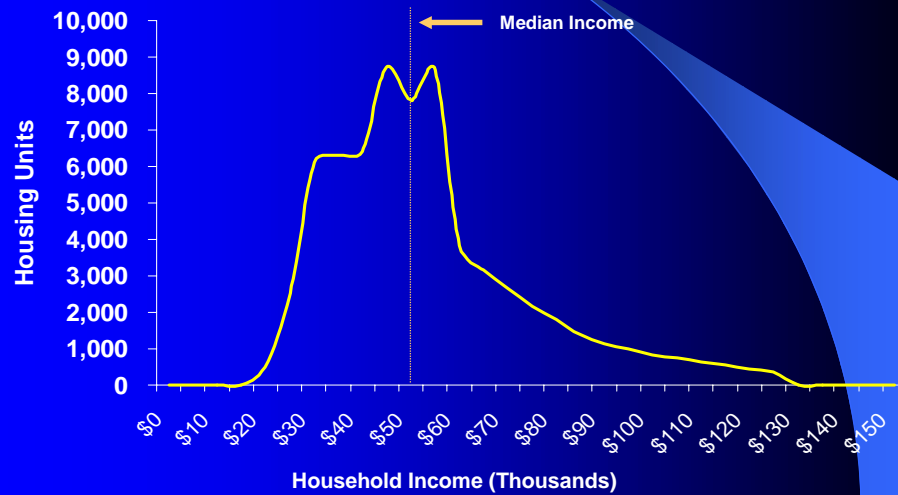
## Household Count at Various Income Levels

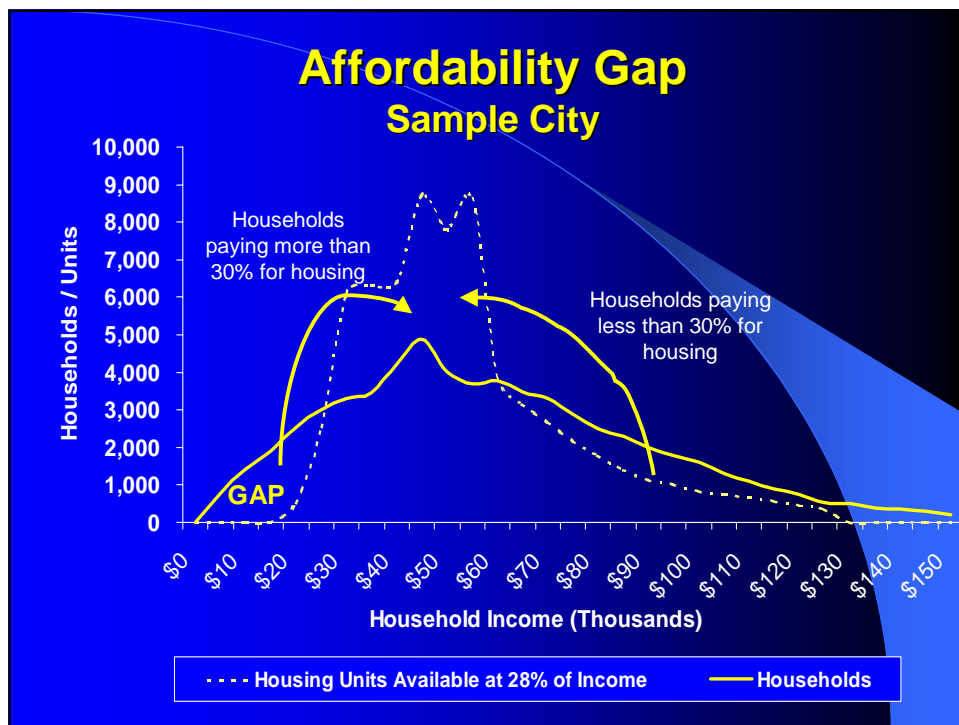
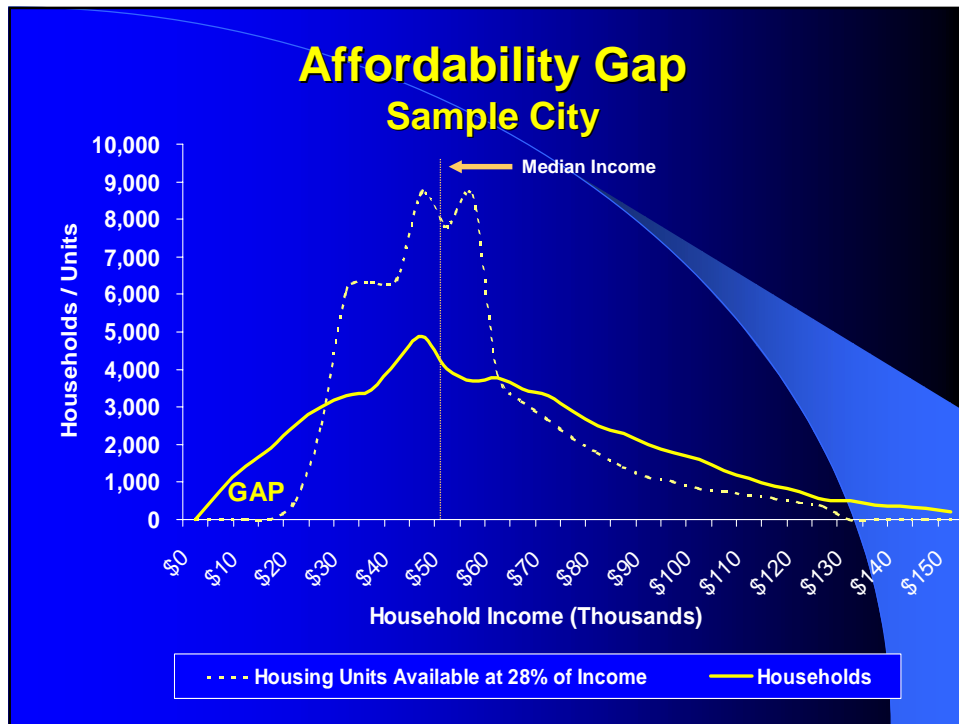
Sample City



## Household Units Affordable at Various Income Levels

Sample City







## Sample Gap Analysis

Income	Households	Affordable Units	Gap	Cumulative Gap
\$5,000	781	5	(776)	(776)
\$10,000	1,441	58	(1,383)	(2,159)
\$12,500	1,054	52	(1,002)	(3,162)
\$15,000	840	145	(695)	(3,857)
\$17,500	1,254	191	(1,063)	(4,920)
\$20,000	1,271	864	(407)	(5,327)
\$22,500	1,682	870	(812)	<b>(6,139)</b>
\$25,000	1,326	1,582	256	(5,883)
\$27,500	1,864	3,412	1,547	(4,335)
\$30,000	1,433	3,154	1,721	(2,615)
\$32,500	1,972	4,690	2,718	103
\$35,000	1,467	3,898	2,432	2,534
\$37,500	2,255	4,070	1,815	4,349
\$40,000	1,970	3,282	1,311	5,660

## Affordability Gap Analysis

### Assumptions

- Maximum % of Income for Housing: 28%
- Loan Assumptions for ownership units
  - Interest Rate: 8.15% (avg. for 2000)
  - Down Payment: 5.0%
  - Taxes, Insurance, Private Mortgage Insurance included in loan payment

# Affordability Gap Analysis

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## Assumptions

- Adjustments to Housing Inventory for:
  - Overcrowded units
  - Substandard units (Used 2% of housing units or survey estimate from city).

## Findings

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- Affordability gaps:
  - State: 194,700 households (10.4%)
  - Maricopa County: 108,500 hhlds (9.6%)
  - Pima County: 25,100 hhlds (7.6%)
  - Rural Counties: 37,400 hhlds (9.5%)
  - Tribal Lands: 23,700 hhlds (56.7%)

## Findings

- Affordability gap typically occurs at 50% of median income or lower.

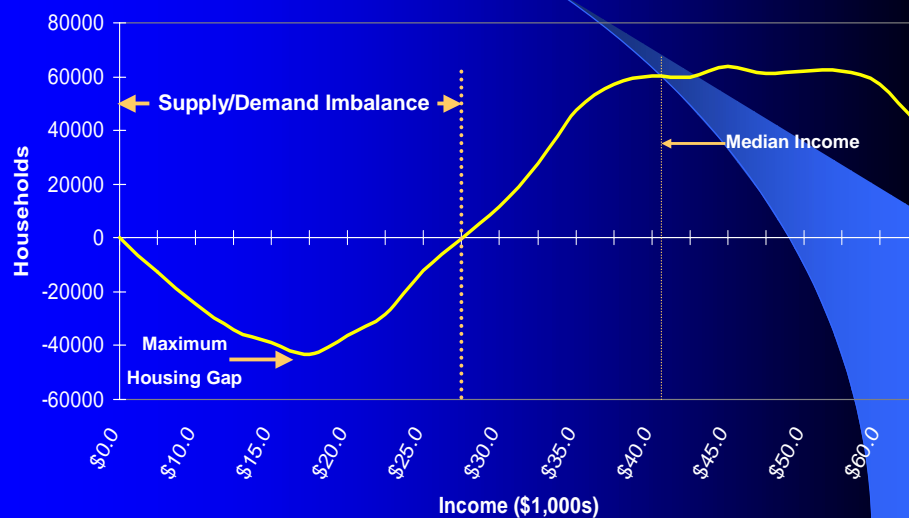
## Findings

- The inventory of affordable units consists primarily of older single family homes, townhomes, condos, apartments and mobile homes.

## Findings

- Affordability gap causes housing supply/demand imbalance at higher income ranges.

## Cumulative Housing Gap Sample Analysis



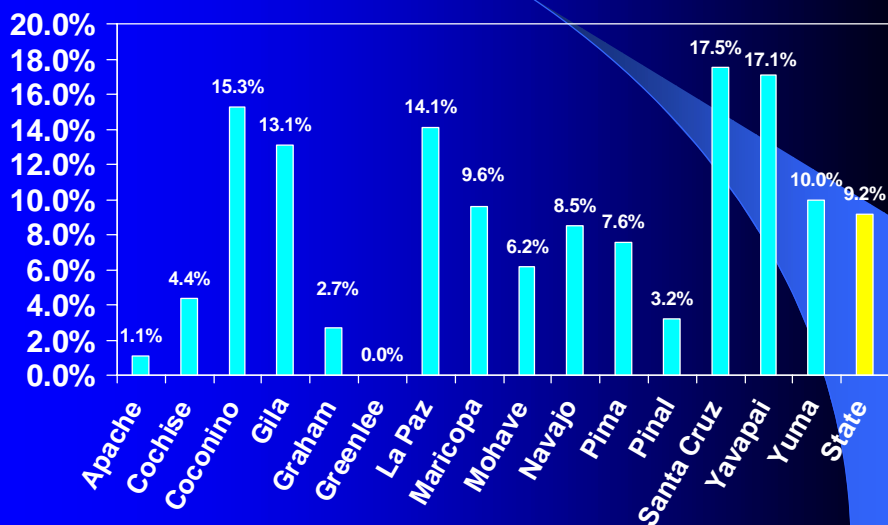
## National Affordability Gap

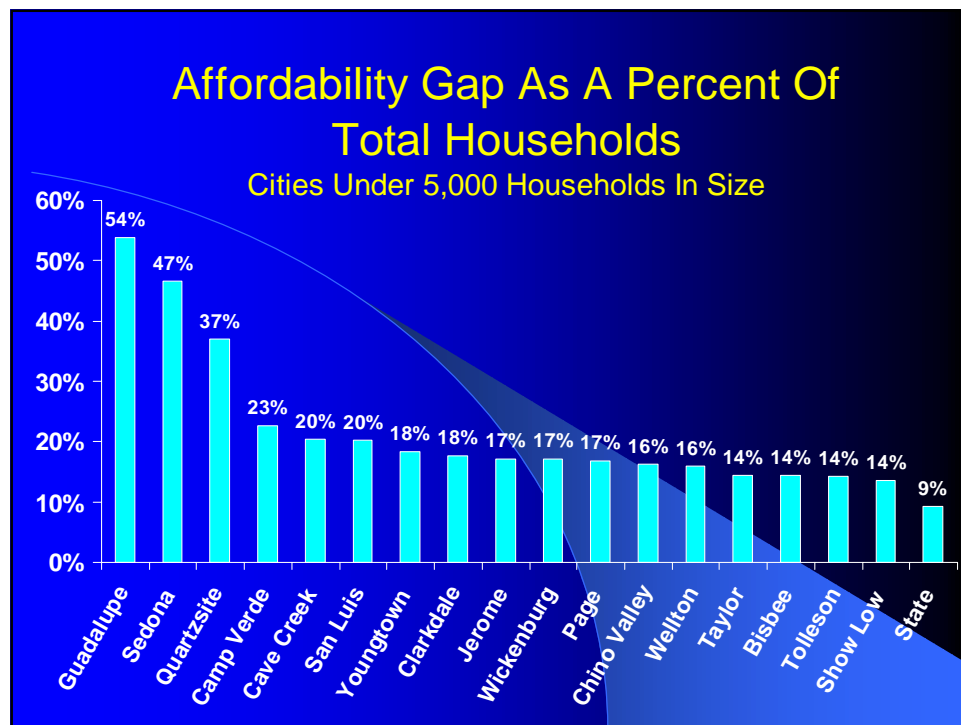
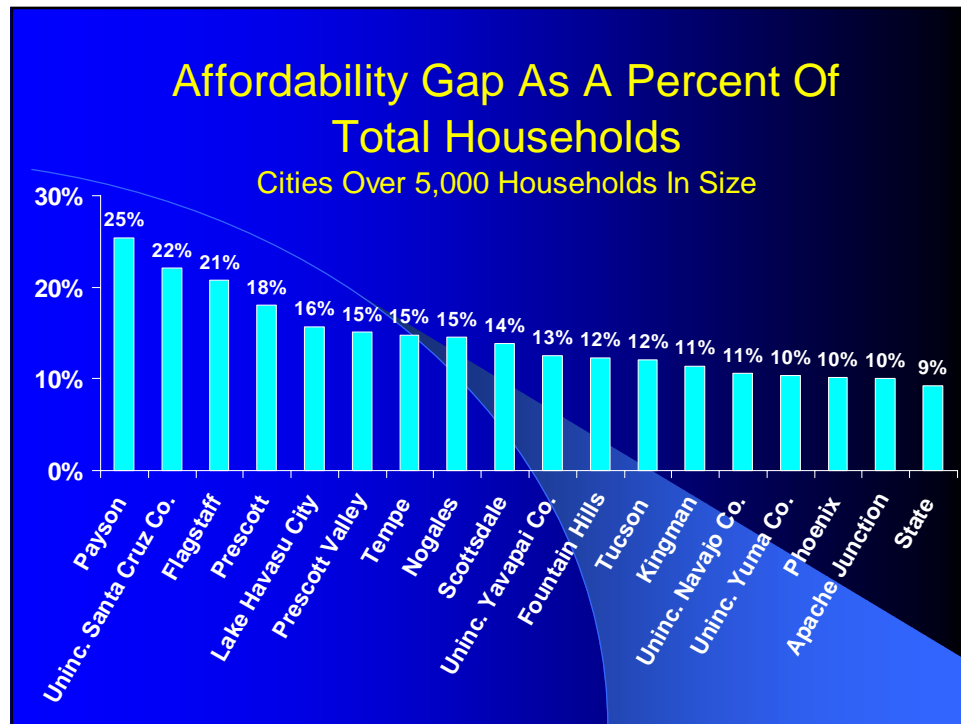
Income	Renter Households	Affordable Units	Surplus (Deficit)
< 30% AMI	7.7	4.9	(2.8)
50%-80% AMI	7.3	13.9	6.6

(All numbers in millions)

Source: National Low Income Housing Coalition

## Affordability Gap As Percent of Total County Households (Excluding Native American Populations)

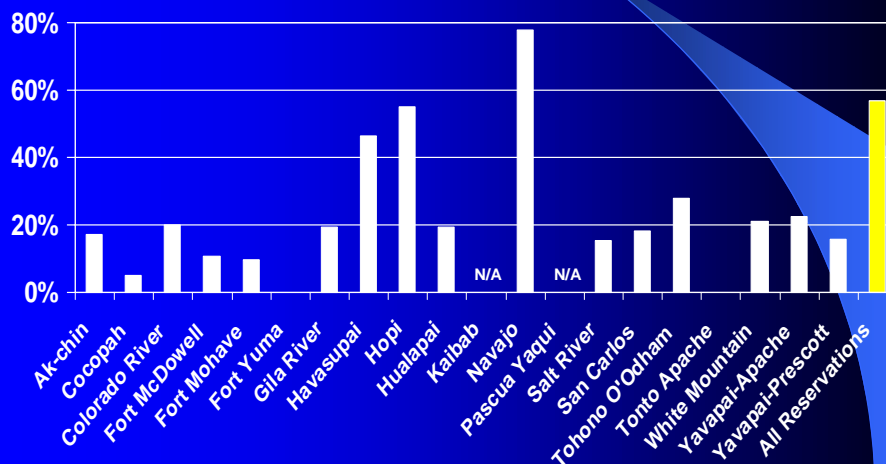




## Native American Affordability

- Requires different methodology
  - Limited or no housing market on reservations.
  - No county assessor data
  - Study only evaluates Native American households living on reservations in Arizona

### Affordability Gap As A Percent Of Total Households Native American Reservations



## Affordability of New Housing



### Teacher

- Average Income: \$35,900
- Affordable Home Value: \$97,000
- Affordable Rent: \$900

## Affordability of New Housing



### Fire Fighter

- Average Income: \$40,500
- Affordable Home Value: \$110,000
- Affordable Rent: \$1,000



## Median Single Family Home Price For Selected Cities 2000

City	Sale Price	City	Sale Price
Bullhead City	\$98,600	Oro Valley	\$169,700
Chandler	\$146,500	Payson	\$136,800
Flagstaff	\$165,300	Prescott	\$160,600
Glendale	\$122,200	Tucson	\$112,200
Mesa	\$125,400	Yuma	\$88,313

## Strategic Implications of Affordability Gap Analysis

- Need to target households who are most in need of housing (the “Gap” households)

## Strategic Implications of Affordability Gap Analysis

- Each communities' affordability needs are different, requiring different solutions.

## Affordability Gaps of Selected Cities

City	Gap Households	% of Total Households	Gap as % of Median Income
Bullhead City	134	1.0%	50%
Chandler	5,396	8.7%	43%
Flagstaff	4,010	20.8%	54%
Glendale	5,821	7.7%	33%
Mesa	7,401	5.0%	23%
Oro Valley	995	8.1%	41%
Payson	1,483	25.4%	74%
Prescott	2,739	18.1%	56%
Tucson	23,394	12.1%	48%
Yuma	2,650	9.9%	42%

## Affordability Gaps of Maricopa County Cities

City	Gap Households	Total Households	% of Total Households	Gap As % of Median Income
Chandler	5,396	62,377	8.7%	43%
Gilbert	2,609	35,405	7.4%	51%
Glendale	5,821	75,700	7.7%	33%
Mesa	7,401	146,643	5.0%	23%
Phoenix	47,588	465,834	10.2%	49%
Scottsdale	12,560	90,669	13.9%	43%
Tempe	9,436	63,602	14.8%	47%

## Top Ranked Affordability Barriers Maricopa and Pima Counties

Rank	Barrier	Response Rate
1	High Land Cost /Limited Land Availability	54.5%
2	Impact/ Development Fees	33.3%
3	Zoning	30.1%
4	Design Guidelines	21.2%
5	Lack of Infrastructure	19.2%
6	Limited Gov't Funding	17.9%
7	NIMBY	15.4%

## Top Ranked Affordability Barriers Non-Urban Counties

Rank	Barrier	Response Rate
1	High Land Cost /Limited Land Availability	43.3%
2	Wage Gap	40.3%
3	Lack of Employment Opportunities	37.3%
4	Lack of Infrastructure	35.4%
5	Limited Housing Stock	26.2%
6	Zoning	14.1%
7	Limited Financing Opportunities	12.2%

## Top Ranked Strategies to Eliminate Barriers Maricopa and Pima Counties

Rank	Strategy	Response Rate
1	Educate Public	20.6%
2	Reduce Development Fees	14.2%
3	Infill Incentives	13.5%
4	Small Lot/Multi-Family Zoning	12.9%
4	Public/Private Partnership	12.9%

## Top Ranked Strategies to Eliminate Barriers Non-Urban Counties

Rank	Strategy	Response Rate
1	Economic Development	37.7%
2	Increase Financing	31.7%
3	Educate Public	23.4%
4	Public/Private Partnership	20.4%
5	Improve Infrastructure	14.7%
6	Rehabilitate Housing Stock	12.1%



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